



# Iowa General Assembly

## 2006 Committee Briefings

Legislative Services Agency – Legal Services Division

<http://www.legis.state.ia.us/asp/Committees/Committee.aspx?id=46>

### FISCAL COMMITTEE OF THE LEGISLATIVE COUNCIL

**Meeting Dates:** [September 13, 2006](#)

**Purpose.** *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <http://www.legis.state.ia.us>, or from the agency connected with the meeting or topic described.*

### FISCAL COMMITTEE OF THE LEGISLATIVE COUNCIL

September 13, 2006

**Co-chairperson:** Senator Robert Dvorsky

**Co-chairperson:** Representative Scott Raecker

**Honey Creek Destination State Park.** Mr. Arnie Sohn of the Department of Natural Resources (DNR) gave the members an update of the Honey Creek Destination State Park. A view of the project was presented to the members which indicated that most of the area consists of the existing state park and land acquired by the state in the 1970s. Bonds in the amount of \$32 million to \$33 million will be issued to provide the \$28 million in proceeds needed. The total cost of the project will be \$38.475 million with the additional money coming from private, local government, and federal and state funds and entities. The ground breaking ceremony is slated for October 2006, with the grand opening scheduled for Memorial Day weekend 2008. Mr. Sohn noted that they have contracted with Regency Hotel Management to provide marketing for the facilities located at the destination park.

**Capitol Complex Construction Projects.** Ms. Mollie Anderson, Director, Department of Administrative Services (DAS), provided an update of the construction projects related to the new state office building and the Iowa Utilities Board and Office of Consumer Advocate building. She noted that office leases in Des Moines are costing the state \$8 million a year and the leased area is about 500,000 square feet. In determining which of these leased entities will be housed in the new Capitol Complex building, several factors were considered including the funding source of the leases with focus on sources from the General Fund, office leases with the largest square footage, and the expiration date of office leases. Criteria was also established for the site selection. These include proximity to parking, targeted versus available square footage, possible occupants and site relationships, energy considerations, and traffic patterns.

After analyzing the various sites, the one selected for the new Capitol Complex building is the area encompassing gravel parking lot 17 north of the Workforce Development Building. The building is expected to be finished in 2010. It was noted that the \$77 million appropriated for the building's construction does not include parking which will be needed because an additional 600 plus employees from one-half of the Des Moines area leases will be transferred to the new building. With regard to the Iowa Utilities Board and Office of Consumer Advocate building, the site selected is east of the maintenance building and includes parking lot 3 which is located on the grassy area on East 14th Street. This project should be finished in 2009.

**Group Foster Care Waiting List.** Mr. Verne Armstrong, Department of Human Services (DHS), discussed the cap on the number of group care placements. This limit was first legislated in 1992. In 1996, the cap on the number of placements was changed to a statewide expenditure target for group foster care which is established annually based upon the appropriations made to DHS. DHS may exceed this target by five percent provided the overall budget for children and family services is not exceeded. Representatives of DHS and juvenile court services jointly agree on a formula each year to allocate a portion of the statewide expenditure target to each of the eight DHS service areas. For FY 2006-2007, \$37,084,884 was appropriated for group foster care. This funds an average daily population of approximately 1,140 beds. As of September 5, 2006, there are 111 children on the waiting list. Only the Council Bluffs, Dubuque, and Davenport service areas do not have a waiting list.

**Medicaid — Three Percent Provider Increase.** Ms. Jennifer Vermeer, Assistant Medicaid Director, DHS, explained the three percent reimbursement increase for most of the Medicaid providers for FY 2006-2007 has been submitted for federal approval. In addition, she provided information regarding the additional increase for nursing facilities that was authorized in 2006 Iowa Acts, H.F. 2734, for the last quarter of FY 2005-2006. Because of the late enactment of the Act and the requirement of the Centers for Medicare and Medicaid Services (CMS) for public notice prior to the providing of such increase, a waiver was needed from CMS to expend any of the amount appropriated to DHS for the increase in reimbursement. However, such waiver was not received until after the close of the state fiscal year and any surplus had already reverted to the Senior Living Trust Fund. Thus authorization is needed from the General Assembly to permit use of FY 2006-2007 moneys to pay the nursing facilities increase for the last quarter of FY 2005-2006.

**Case Management.** Ms. Lisa Burk, Legislative Services Agency, Fiscal Services Division (FSD), gave an update on the addition of case management as a Medicaid-covered service under the elderly waiver. This change required CMS to approve such a change. Approval was received on May 31, 2006. Concerns were expressed during the 2006 Interim regarding the transition of case management from the Department of Elder Affairs (DEA) to DHS. DEA and DHS collaborated to develop the new system which is anticipated to be implemented on October 1, 2006. DHS will return 25 percent of the originally transferred funds by DEA back to DEA in order to allow the existing case management system to be maintained by the area agencies of aging until the transition takes place on October 1, 2006.

**Medicaid Update.** Ms. Kerri Johannsen, FSD, provided information on the Medical Assistance Program (Medicaid). For FY 2005-2006, the state portion of the Medicaid budget was \$704.4 million with expenditures of \$696.1 million. The monthly enrollment figures for that fiscal year varied from a low of 290,428 in July 2005, to a high of 302,564 in May 2006. For FY 2006-2007, total state funding equals \$759.2 million which is not considered by the staffs of DHS, FSD, and Department of Management (DOM) to fully cover Medicaid costs. The three staffs agreed to an estimated shortfall of \$17.0 million to \$37.0 million with a midpoint of \$27.0 million.

**hawk-i Program.** Ms. Johannsen, FSD, stated that the hawk-i Program had total state expenditures that were less than the projected expenditures for FY 2005-2006, (\$15.2 million versus \$17.9 million, respectively). Total revenues available were \$19.1 million. The reduction is mostly due to the decrease in actual enrollment compared to the projected enrollment for each month of the fiscal year.

**Revenue Update.** Mr. Jeff Robinson, FSD, presented the members with the actual revenue receipts for FY 2005-2006 in comparison to the Revenue Estimating Conference's (REC) March estimate. These receipts showed a total increase of \$121.8 million. The big differences were in the increase in personal income tax (\$42.2 million) and corporate income tax (\$36.5 million) and a decrease in the amount of tax refunds (\$37.6 million). He also discussed the revenue receipts for the first two months of FY 2006-2007. The net revenue change from FY 2005-2006 is \$75 million with sales and use tax and corporate tax each increasing by \$15 million to \$20 million and personal income tax and other taxes at approximately \$10 million. The REC will meet October 16, 2006.

**General Fund Balance.** Mr. Dave Reynolds, FSD, provided data on the State General Fund balances. For FY 2005-2006, the estimated ending balance is \$326.9 million, of which \$159.9 million was used to reimburse local jurisdictions for property tax credits, \$49.9 million was credited to the Senior Living Trust Fund (SLTF), \$2.8 million was allocated to the Board of Regents, and the remaining \$114.3 million was credited to the Cash Reserve Fund (CRF). For FY 2006-2007, the projected ending balance is \$151.4 million. Of this amount, \$53.5 million is appropriated by statute to the SLTF and the remaining \$97.9 million will be credited to the CRF. For FY 2007-2008, assuming the same level of appropriations made for FY 2006-2007 plus the amount of projected built-in and anticipated expenditures, the total appropriations would exceed the state expenditure limitation by \$328.1 million. If such excess is eliminated, the ending balance is projected to be \$61.5 million with that amount divided equally between the SLTF and the CRF.

The statute requires the repayment of \$300 million to the SLTF. By the end of FY 2007-2008 the estimated outstanding balance owed the SLTF will be \$93.92 million.

**Built-in and Anticipated Increases.** Mr. Reynolds, FSD, stated that for FY 2007-2008, the projected State General Fund built-in and anticipated expenditures would require an appropriation increase of \$615.6 million. The built-in changes are projected to be the highest, at \$455.3 million, with 80 percent of that amount represented by the appropriation for the Homestead Tax Credit at \$131.8 million, the Medicaid Program at \$106.1 million, and the four percent allowable growth under the school aid formula at \$117.6 million. For the anticipated expenditure changes, the largest item is the \$89.1 million for collective bargaining salary costs assuming a two percent cost of living increase and an allowance for step increases.

**Other Fund Balances.** Mr. Reynolds, FSD, provided a report on the estimated ending balances, prior to 2007 legislative action, for FY 2005-2006, FY 2006-2007, and FY 2007-2008, respectively, for the following funds:

- Rebuild Iowa Infrastructure Fund: \$24.4 million, \$48.7 million, and \$131.3 million.
- Environment First Fund: \$10,513, \$10,513, and \$34.9 million.
- Vertical Infrastructure Fund: \$0, \$0, and \$10 million.
- Tobacco Settlement Trust Fund – Restricted Capital Fund: \$250,737, \$1.3 million, and \$1.3 million.
- Endowment for Iowa's Health Account: \$109.7 million, \$88.0 million, and \$45.3 million.

- Healthy Iowans Tobacco Trust Fund: \$609,133, \$353,429, and \$60.6 million.
- Senior Living Trust Fund, \$40.9 million: \$43.1 million, and \$98.3 million.
- The new Restricted Capital Fund in the Tobacco Settlement Trust Fund: \$102.4 million, \$618,764, and \$1.1 million.

**Appropriations Transfer.** Mr. Reynolds, FSD, informed the members of the following intradepartmental and interdepartmental transfers of appropriations during FY 2005-2006 as follows:

- Transfer within the Department of Inspection and Appeals of \$80,000 from the Health Facilities Division to the Administration Division.
- Transfer within the Department of Public Health of \$20,000 from the Elderly Wellness Program to the Infectious Diseases Program.
- Transfer within the Governor's Office of \$85,000 from General Office purposes to the Terrace Hill Quarters.
- Transfer to the Public Employment Relations Board of \$20,000 from Business Development of the Department of Economic Development.
- Transfer from three divisions within the Department of Public Safety of \$155,000 to the State Fire Marshal.
- Transfer within Department of Human Services of \$1.7 million from Child and Family Services programs to the Family Investment Program.
- Transfer from Department of Human Services of \$230,000 from State Supplementary Assistance (SSA) to the Department of Public Defense (DPD) of \$144,500 and to the Civil Rights Commission (CRC) of \$85,500.

**Lease-Purchase.** Mr. Reynolds, FSD, informed the members of the receipt of two notification reports on lease-purchase agreements. One involves a \$3.2 million lease-purchase of energy improvements at the Woodward State Resource Center. The other involves the lease-purchase in the amount of \$77,500 for the purchase and installation of laundry equipment at the Clarinda Correctional Facility.

**Major Federal Grants.** Ms. Sue Lerdal, FSD, briefly discussed the attachment that listed the major federal grants received by Iowa for federal FY 2001-2002 through FY 2005-2006. The total for those five fiscal years indicated that Iowa was awarded grants totaling \$2.767 billion for federal FY 2001-2002 and \$2.834 billion for federal FY 2005-2006. It was noted that these amounts are authorizations and may not necessarily have been received in the fiscal year authorized.

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